[Mr. S. Sundararajan.]

87. *Commercial Transport.* A provision of Rs 2·5 lakhs has been made for the next year mainly for construction works and for purchase of plant and machinery.

Financing of Capital Works.

88. It has been the policy of Government to find money for the capital programmes from the balances and surplus investments and to borrow from open market only when absolutely necessary. We accordingly provided for withdrawing Rs 25 lakhs from our surplus investments. In view of the rapid progress and further acceleration anticipated in the progress of Electrical works, we had to withdraw nearly $\frac{2}{5}$ of our surplus funds. For the next year, in view of the necessity for liquidating our 5 per cent debentures on the 1st Chingom 1117, and the need for making preliminary arrangements for paying it off and for replenishing our cash balances, it may be necessary to withdraw about Rs 20 lakhs. The budget accordingly provides for it.

89. A question may very pertinently be raised whether instead of disposing of our surplus investments for financing our capital schemes amore forward policy of borrowing would not be preferable especially in the light of the high credit which the State commands in the business world. It is undoubtedly a sound financial principle to spread the burden to posterity which will be benefited by it; but the time is not opportune and the need is not urgent to drive us to the market for a loan. While at the subject, let me say a word or two about our debt position.

Debt Position.

90. As I envisage the situation, our debt position at the end of 1116 would stand somewhat as follows :—

(i) Public Loan of Rs 65·64 lakhs including the loan of Rs 14·75 lakhs which will mature for discharge on the day after the year closes and (ii) a special loan of Rs 76·30 lakhs. The amount due on account of Provident Funds, Savings Bank and Life Insurance Funds amounting in all to Rs 286·76 lakhs should also be added; the total debt all told would amount to Rs 428·70 lakhs. This costs by way of interest and sinking fund charges about $\frac{1}{4}$ of a rupee per head. If the accumulation in the sinking fund, the cash balance and loans to industrialists and agriculturists etc., are taken into account the debt burden will be only half and much less than even a year's revenue. It will thus be clear that although there is a certain amout of debt, it is insignificant and is secured by sufficient assets of a nature which could very easily amortize the whole liability at call and that a forward loan policy is not pursued not on account of any intrinsic weakness but merely on account of expediency.

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